

Message Text

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ACTION EA-06

INFO OCT-01 SS-14 ISO-00 EUR-08 NSC-05 NSCE-00 INR-05

CIAE-00 EB-03 SP-02 L-01 OMB-01 TRSE-00 /046 W

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FM AMEMBASSY BONN

TO SECSTATE WASHDC 3103

INFO AMEMBASSY COPENHAGEN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY SEOUL

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

AMEMBASSY VIENNA

USMISSION EC BRUSSELS

C O N F I D E N T I A L BONN 15634

LIMDIS

E.O. 11652: GDS

TAGS: EEWT, EAID, EFIN, NK, GW

SUBJECT: NORTH KOREAN DEBT RESCHEDULING

REF: A. STATE 190108 (NOTAL); B. BONN 14466 (NOTAL);

C. BONN 14782 (NOTAL.

1. SUMMARY: IN INTERMINISTRY MEETING ON SEPT. 22, FRG DECIDED TO HOLD FIRM IN OPPOSITION TO RESCHEDULING OF PRK DEBT. GOVERNMENT INTENDS TO TAKE THE INITIATIVE IN REVERSING DRIFT TOWARD COMPLETE RESCHEDULING BY SENDING FORMAL LETTER TO OTHER CREDITORS (AND THE US). INDICATING FRG OPPOSITION TO RESCHEDULING. LETTER WILL EXPRESS "IRRITATION" OF THE FEDERAL REPUBLIC WITH MOVES BY OTHER CREDITORS IN FAVOR OF
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RESCHEDULING. FRG IS HOPEFUL THAT THE US WILL TAKE

PARALLEL INITIATIVE. END SUMMARY.

2. ECONOMICS MINISTRY SOURCE TOLD US THAT THE FEDERAL REPUBLIC HAS COMPLETED A REVIEW OF ITS POSITION ON THE DEBT RESCHEDULING ISSUE AND HAS DECIDED TO CONTINUE OPPOSING ANY RESCHEDULING EXERCISE. REALIZING, HOWEVER, THAT A PASSIVE POSTURE WILL LEAVE GERMANY EMPTY-HANDED IF ALL OTHERS RESCHEDULE, THE CONCERNED MINISTRIES HAVE AGREED TO TAKE THE OFFENSIVE BY PREPARING A FORMAL WRITTEN RESPONSE TO THE FRENCH INITIATIVE REPORTED REF C. IN THE FORM OF A LETTER ADDRESSED TO THE FRENCH, OTHER CREDITORS, AND THE UNITED STATES, THE RESPONSE WILL OPPOSE THE FRENCH SUGGESTION FOR MULTILATERAL RESCHEDULING, RENOUNCE ANY INTENTION TO RESCHEDULE PRK DEBTS OWED TO THE FRG, AND WILL EXPRESS GERMAN DISAPPOINTMENT AND DISPLEASURE WITH THOSE CONSIDERING FAVORABLY DEBT RESCHEDULING. GERMANS ARE HOPEFUL THAT THIS TACTIC WILL BRING UNCOMMITTED CREDITORS BACK INTO ANTI-RESCHEDULING CAMP. THEY ALSO HOPE THAT THIS MIGHT GIVE THE FRENCH SECOND THOUGHTS ABOUT BILATERAL RESCHEDULING AGREEMENT.

3. OUR SOURCE EMPHASIZED THAT MOST CREDITOR NATIONS SEEM TO BE DRIFTING TOWARD FRENCH PROPOSAL. BANDWAGON EFFECT HAS LEFT THE FRG ISOLATED IN THE EC, WHERE THE OTHER EIGHT WERE FLABBERGASTED BY GERMANY'S INTRANSIGENCE ON THIS ISSUE AT A RECENT MEETING OF THE EXPORT-GUARANTEE GROUP. IN ADDITION, GERMANS HAVE RECEIVED UNOFFICIAL CONFIRMATION OF PREVIOUSLY RUMORED AUSTRIAN BILATERAL AGREEMENT WITH THE PRK (SEE REF C.), AND JAPANESE CREDIT AGREEMENT ON VERY FAVORABLE TERMS IS NOW WELL KNOWN. IF FRG INITIATIVE FAILS TO MARSHAL ADDITIONAL SUPPORT AGAINST FRENCH PROPOSAL, THE FRG WILL FIND ITSELF IN A VERY DIFFICULT POSITION AND WOULD HAVE TO RETHINK ITS POSITION, TAKING UP THE MATTER ONCE AGAIN AT THE CABINET LEVEL.

4. OUR SOURCE EXPRESSED DISAPPOINTMENT THAT THE US HAS NOT TAKEN AN ACTIVE ROLE IN THIS MATTER. HE
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BELIEVES THAT OUR POSITION WOULD CARRY CONSIDERABLE WEIGHT WITH UNCOMMITTED CREDITORS AND WOULD LEND SUPPORT TO THE INITIATIVE NOW BEING PREPARED IN BONN. HE ASKED IF THE US INTENDED TO MAKE KNOWN ITS VIEWS IN THE NEAR FUTURE. PLEASE ADVISE.
HILLENBRAND

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